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Filings up 57 percent in March over '07; ARM resets to crest in May and June

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The onslaught of homes facing foreclosures has yet to ebb, a research report showed Tuesday, with bank repossessions skyrocketing last month as more troubled homeowners mailed in their keys and walked away.

And the worst isn't over: The wave of adjustable-rate loans resetting to higher rates will crest in May and June. And that's expected to push more homeowners into default and foreclosure in the third and fourth quarters of this year, according to RealtyTrac Inc. of Irvine, Calif.

"Once we're through that batch of loans, the worst will have been worked through the system," said Rick Sharga, RealtyTrac's vice president of marketing.

The number of U.S. homes receiving at least one foreclosure filing jumped 57 percent in March to 234,685, compared with 149,150 properties a year earlier. Filings include default notices, auction sale notices and bank repossessions.

The overall foreclosure rate is 5 percent higher than in February, which saw an unexpected month-to-month decline over January. March marked the 27th consecutive month of year-over-year increases in national foreclosure filings.

That meant one in every 538 households received a filing during the month. Forty-four percent were households that slipped into default for the first time and more than a fifth were homes banks took back.

Lenders took possession of homes at a sharply higher rate, up 129 percent over last year, as more homeowners relinquished their homes, said Sharga. Banks repossessed 51,393 properties nationwide, many of them without a public foreclosure auction.

"In a lot of cases, banks worked something out with the owner in advance and took back the keys and deed. For a homeowner, it's not as embarrassing and it's a little less of a blemish on their credit record compared to a foreclosure," Sharga said.

He estimates between 750,000 and 1 million bank-owned properties will hit the market this year, or about a quarter of the homes up for sale. In some areas, these properties will continue to slow sales and depress prices further.

Declining home prices and stricter lending requirements have exacerbated the foreclosure environment. Homeowners stuck in unmanageable mortgages aren't able to sell their homes or refinance into cheaper loans before their mortgage payments reset higher.

Nevada clocked in the worst foreclosure rate for the 15th straight month. Last month, one in every 139 households received a foreclosure-related notice, nearly four times the national rate. The number of properties with a filing increased 24 percent over February and 62 percent over the previous March.

California had the second-highest foreclosure rate in the country. One in every 204 California households received a foreclosure-related notice. The state had 64,711 properties facing foreclosure, the most of any state and more than double last year's total.

In Florida, 30,254 homes reported at least one filing, down nearly 7 percent from February, but up 112 percent from the year before.

Rounding out the states with the highest foreclosure rates were Arizona, Colorado, Georgia, Ohio, Michigan, Massachusetts and Maryland.